

Message Text

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ACTION EUR-25

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FM AMEMBASSY BUCHAREST

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SUBJ: ROMANIAN DEMARCHE ON SOCIAL SECURITY

REF: STATE 124695

MFA PROTOCOL DIRECTORATE COUNSELLOR, ION SFETEA CALLED IN CHARGE (ACCOMPANIED BY ADMIN OFFICER SCHRAGE) ON AUGUST 31 TO RESPOND ORALLY TO EMBASSY'S NOT OF JULY 18 CONCERNING SOCIAL SECURITY TAXES. AS DEPARTMENT WILL RECALL, OUR NOTE OFFERED TO PAY 25 PERCENT TAX BUT CONTINUED TO MAINTAIN THAT TAX WAS DISCRIMINATORY AND INDICATED THAT PAYMENTS WERE BEING MADE UNDER PROTEST.

SFETEA BEGAN BY REFERRING TO GOOD STATE OF US-ROMANIAN RELATIONS AND HELD THAT NOTE WAS OUT OF KEEPING WITH THESE GOOD RELATIONS. ENACTMENT OF NEW SOCIAL SECURITY LAW WAS SOVEREIGN RIGHT OF ROMANIANS AND OBJECTION TO THIS LAW MIGHT BE CONSIDERED INTERFERENCE IN INTERNAL AFFAIRS. LAW WAS NOT DISCRIMINATORY SINCE IT MADE NO DISTINCTION BETWEEN TAXES LEVIED ON CITIZENS OF DIFFERENT COUNTRIES (THIS WAS NEW ARGUMENT). SFETEA PUSHED OUR NOTE TOWARD CHARGE AND ASKED THAT IT BE WITHDRAWN; OTHERWISE MFA WOULD HAVE TO MAKE ISSUE OF MATTER BY INSTRUCTING AMBASSADOR BOGDAN TO TAKE UP QUESTION IN WASHINGTON.

I RESPONDED BY OBSERVING THAT I, TOO, AGREED THAT US-ROMANIAN RELATIONS WERE GOOD AND SHOULD NOT BE UPSET BY RELATIVELY MINOR MATTER. NEVERTHELESS, EVEN WITH GOOD RELATIONS, IT WAS IMPORTNAT FOR FRIENDS TO DISCUSS DIFFERENCES FRANKLY AND HONESTLY AND
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THAT THERE WERE BOUND TO BE DIFFERENCES FROM TIME TO TIME ON

"TECHNICAL MATTERS."

IN INSTANT CASE, WE BELIEVED QUITE SINCERELY THAT ROMANIAN SIDE WAS WRONG AND THAT TAXES WERE BOTH DISCRIMINATORY AND CONTRARY TO VIENNA CONVENTION. ROMANIANS PERHAPS HAD DIFFERENT VIEW BUT THEY COULD NOT EXPECT TO FORCE ACCEPTANCE OF THEIR VIEW, WHICH COULD EVEN BE CONSIDERED ANOTHER FORM OF INTERFERENCE IN INTERNAL AFFAIRS. BECAUSE WE VALUED OUR OVERALL RELATIONS SO HIGHLY, WE HAD AGREED TO PAY THE NEW, HIGHER, DISCRIMINATORY TAXES BUT WE DID NOT LIKE IT NOR DID WE ACCEPT THEIR ARGUMENTS. SURELY IT WAS OUR RIGHT TO SAY SO. FURTHERMORE, DISCRIMINATORY SOCIAL SECURITY INCREASE HAD BEEN ENACTED SUDDENLY WITHOUT REGARD FOR BUDGET AND PLANNING PROCESSES OF OTHER COUNTRIES AND THIS HAD FOLLOWED ON SUDDEN ENACTMENT OF 100 - 150 PERCENT RENT INCREASE ONLY YEAR OR SO BEFORE. ENTIRE DIPLOMATIC CORPS WAS UPSET OVER THESE PROCEDURES; ROMANIA MIGHT HAVE RIGHT TO ENACT SUCH LAWS BUT IT WAS CAUSING INJURY AND DISCONTENT TO VIRTUALLY ALL OF ITS PARTNERS. I ALSO NOTED IN COURSE OF THIS DISCUSSION THAT OUR NOTE REFLECTED NOT JUST MY PERSONEL VIEWS BUT VIEWS OF AMBASSADOR MEEKER AND DEPARTMENT OF STATE. IT WAS CONSIDERED POSITION OF MY GOVERNMENT, IF GOR WISHED TO REPLY TO OUR NOTE, EITHER HERE OR IN WASHINGTON, IT WAS WELCOME TO DO SO. HOWEVER, MY FRANK OPINION WAS THAT ROMANIA WOULD BE ADVISED TO RECEIVE OUR NOTE AND NOT TO RESPOND SINCE I FELT SURE THIS WOULD ONLY CONTINUE THE INTERCHANGES INDEFINITELY.

SFETEA EXPRESSED APPRECIATION FOR THE EXPLANATION OF OUR VIEWPOINT AND CONCURRED THAT HE WOULD RECEIVE THE NOTE AND THAT NO FURTHER REPLY WOULD BE MADE BY GOR. HE ALSO NOTED THAT THE MFA WAS NOT RESPONSIBLE FOR THE LAW WHICH HAD BEEN CONCOCTED IN OTHER MINITRIES. AFTER HIS INITIAL SERIOUS DEMEANOR, HE LAPSED INTO A SYMPATHETIC POSTURE WITH SMILES AS I MADE MY PRESENTATION AND THE WHOLE AFFAIR ENDED ON A PLEASANT NOTE. AS WE LEFT THE BUILDING, I TOLD THE OTHER ROMANIAN OFFICIAL PRESENT THAT WE REALIZED THE LAW HAD NOT BEEN PROPERLY CLEARED AND WE HOPED THE MFA WOULDS USE DEMARCHES OF OURSELVES AND OTHERS TO WORK FOR A BETTER SET OF PROCEDURES - ALTHOUGH THIS WAS, OF COURSE, THE GOR'S PRIVATE BUSINESS.

IT DEVELOPS THAT THE SEVERAL EMBASSIES THAT HAVE ALREADY LIMITED OFFICIAL USE

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PRESENTED SUCH NOTES (UK, DENMARK, NETHERLANDS) WERE GIVEN SIMILAR TREATMENT AND MADE MORE OR LESS SIMILAR RESPONSES. MANY EMBASSIES HAVE STILL NOT PAID, HOWEVER, INCLUDING THE FRG. THE INDONESIAN AMBASSADOR SAID LAST NIGHT THAT INDONESIA HAS NOT PAID AND HE HAS BEEN TOLD BY SUCH COLLEAGUES AS INDIA, YUGOSLAVIA, AND THE LATIN AMERICANS THAT NONE OF THESE HAVE ACCEDED YET.

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